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SECURITY INFORMATION  
CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

## INFORMATION REPORT

CD NO. 25X1A

COUNTRY Yugoslavia

DATE DISTR. 21 November 1951

SUBJECT Political and Economic Situation in Yugoslav  
Trade Unions

NO. OF PAGES 2

PLACE  
ACQUIRED

25X1A

DATE OF  
INFO.NO. OF ENCLS.  
(LISTED BELOW)SUPPLEMENT TO  
REPORT NO.

REFERENCE COPY

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1. Following the break between Yugoslavia and the Eastern Bloc and until the summer of 1950, Yugoslav Government officials and Communist Party leaders were confronted with the serious problem of the appearance of strong tendencies in industrial trade unions which were frankly hostile to the regime in Yugoslavia. Among these grave problems were the following:
  - a. The industrial proletariat which had developed in the large towns largely after World War II saw their livelihood threatened by the grave economic situation existing in Yugoslavia as a consequence of the stoppage of imports from Eastern Europe. This proletariat feared they might be thrown out of work completely and be forced to return to the less profitable occupation of tilling the soil as they had done prior to the war.
  - b. Many industrial workers in Yugoslavia who had been converted to Marxism prior to or during World War II, were extremely shaken by the break with the Soviet Union, and either became sullen and ineffective or adopted an actively hostile attitude toward the Yugoslav Government and Communist Party.
  - c. Foremen and specialized workers of the old school, who had been retained in their jobs despite their anti-Communist views because of a shortage of manpower, welcomed the split between Yugoslavia and the Eastern Bloc. They adopted an increasingly passive attitude toward their work in an effort to weaken still more the critical Yugoslav economy, and as a consequence, to weaken the power of the Yugoslav regime.
2. On occasions, the discontent among the workers in large towns was such that the government feared it might be manifested in some concrete form. In trade unions in smaller towns and country districts the situation was more favorable for the Yugoslav Government, owing to the fact that national pride outweighed discontent.

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 Date: 12/8/78 By: [REDACTED]

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3. Although there still is a hostile feeling toward the present regime in Yugoslavia on the part of the industrial trade unions, a great many hostile tendencies have been modified since the summer of 1950. This improvement in the feeling of industrial trade unions toward the government was the result of the introduction of the policy of decentralization of industrial control.
4. Since the summer of 1950, the situation in trade unions in large towns has changed radically in the government's favor. This change is reportedly the result of:
  - a. Reorganization and changes of leadership
  - b. Realization by industrial workers that the present situation is unlikely to change within any definable period.
  - c. The great increase of the workers' influence in their places of work through the Workers' Councils, and greater freedom to operate the unions in their own interests, all of which has brought about a boost in the morale of the workers.
5. The new freedom and influence acquired by the workers has its disadvantages. In the opinion of Yugoslav Communist Party leaders the inadequate political preparation of the majority of workers, has resulted in their new freedom being abused and, as a consequence, the quality, if not the volume, of production is being affected. Textiles and processed foodstuffs are suffering especially from a decrease in quality. This development is more evident in the Republic of Serbia than anywhere else, owing to the fact that bourgeois elements in Serbia are more influential and the working class has absorbed little political indoctrination.

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